MEPP

MANAGEMENT

EMPLOYEES

PENSION

PLAN

Annual Report 1994

APA

MANAGEMENT EMPLOYEES PENSION PLAN

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Profile

The Management Employees Pension Plan was established on July 1, 1972 to provide a contributory defined benefit pension plan for Alberta government employees occupying positions designated as management. Participation was later extended to employees of government boards, agencies, commissions and crown corporations. The objective of the Plan is to provide appropriate and secure pension benefits for plan members while keeping member and employer contributions reasonable and stable.

The Plan exists pursuant to the Public Sector Pension Plans Act, and is governed by the Provincial Treasurer who is advised by a seven-member Board appointed by the Lieutenant Governor in Council.

There are fourteen employers participating in the Plan and approximately 4,300 active members, of which 400 are pensioners.

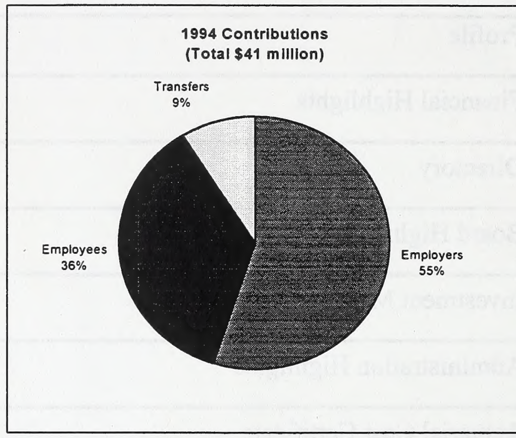
The Plan is financed by member and employer contributions and by the investment earnings of the fund.

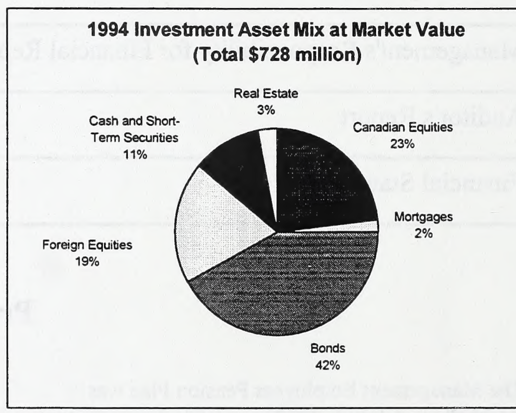
Plan investments total approximately $728 million, and comprise a diversified portfolio of short-term securities, bonds, mortgages, equities (both domestic and international), and real estate. Investment policy guidelines are set by the Provincial Treasurer based upon the advice of the Board, and the portfolio is managed by the Investment Management Division of Alberta Treasury.

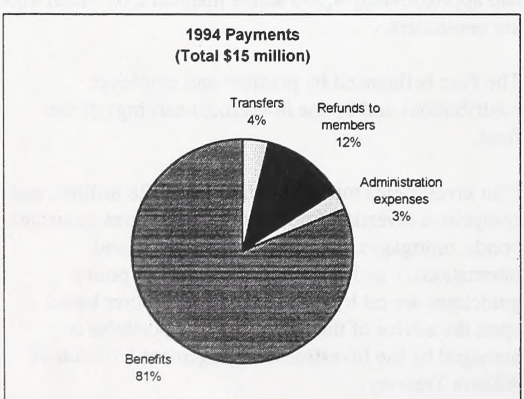
FINANCIAL HIGHLIGHTS
as at December 31, 1994

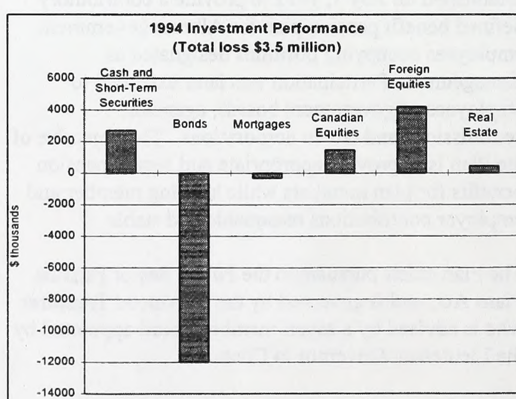
The following table summarizes the actuarial value of net assets available for benefits, the estimated cost of benefits, and the resulting deficiency at December 31, 1994:

	($ millions)
Cash and short-term securities	83
Bonds	303
Mortgages	14
Canadian equities	170
Foreign equities	140
Real Estate	18
Other net assets	9
Net assets available for benefits	737
Actuarial asset value adjustment	(18)
Actuarial value of net assets available for benefits	719
Estimated cost of benefits	877
Deficiency	158









DIRECTORY

Pension Board

Voting

Peggy Hartman - Chair
Director, Family Law
Alberta Justice

Laird Willson - Vice-Chair
Partner
Drake, Beam, Morin Ltd.

Robert Algar
Vice-President, Human Resources
Trimac Limited

Lowell Becker
University Lecturer
Lowell D. Becker Associates Inc.

Kelly Nolan-MacLean
Program Planner, Income and Employment Programs
Alberta Family and Social Services

Jack Phelps
Manager, Program Policy
Alberta Transportation & Utilities

Non-Voting

Deborah Owram
Executive Director, Employee Relations Division
Personnel Administration Office

Board Secretary

John Ziarko
Alberta Pensions Administration

Director of Administration

M.H. Mylod
Alberta Pensions Administration

Chief Investment Officer

S.J. Susinski
Investment Management Division of Alberta Treasury

Actuary

William M. Mercer Limited

Auditor

Auditor General of Alberta

BOARD HIGHLIGHTS

Responsibilities of the Board

- To recommend, to the Provincial Treasurer, general policy guidelines for the investment and management of the fund, and for the administration of the Plan.
- To advise the Provincial Treasurer on setting contribution rates to fully fund current service and eliminate the pre-1992 unfunded liability.
- To make recommendations regarding plan amendments.
- To ensure that the Plan is effectively administered.
- To review decisions of the Administration as directed by the Provincial Treasurer.

Board Activities in 1994

- Met for the first time in March, 1994 and priorized matters needing attention.
- Accepted an *Interim Statement of Investment Policies and Goals* as presented by IMD.
- Engaged William M. Mercer Limited to identify alternatives to provide employee-paid increased pension benefits to members.
- Established ongoing and effective communication with members and employers as a high priority of the Board. A newsletter to members was issued in September containing a "Message from the Management Employees Pension Board". The Board also directed that a new Member Handbook be developed and distributed.
- Reviewed the costs and services provided by APA and IMD to ensure their reasonableness.

Focus for 1995

- Finalize the investment policy guidelines.
- Monitor investment performance.
- Further develop an effective communication program with employers and members.
- Review and approve December 31, 1994 actuarial valuation.
- Assist in the corporatization of APA.

P. Hartman

Peggy Hartman
Chair

INVESTMENT MANAGEMENT HIGHLIGHTS

Investment Activities in 1994

- Overall investment policy is set by the Provincial Treasurer based upon the advice of the Pension Board, and formalized in a *Statement of Investment Policies and Goals.*
- Day-to-day management of the fund is performed by IMD.
- IMD is assisted by a team of external investment managers in order to take advantage of specialized knowledge in certain areas, and to provide additional market information.
- The overall investment objective is to attain the best possible rate of return consistent with an acceptable level of risk.
- The level of risk undertaken is managed by diversifying the investments into different asset categories and by holding approximately 20% of the investments outside Canada.

Asset Mix (market value) as at December 31, 1994

	$ Millions	%	Policy %
Cash & Short-Term Securities	83.1	11.4	0-20
Bonds & Mortgages	316.9	43.6	40-60
Total Fixed Income	400.0	55.0	40-60
Equities-Canadian	169.8	23.3	20-40
-Foreign	139.8	19.2	10-24
Real Estate	18.2	2.5	0-8
Total Equity and Real Estate	327.8	45.0	40-60
TOTAL	727.8	100.0	

- Detailed investment reports on the fund's status and performance are provided to the Board on a quarterly basis.
- On a four-year basis, the fund achieved an overall return of 10.6%. However, 1994 was a difficult year for all large pension funds and resulted in a zero return for the fund. The four-year return exceeded the funding requirements of the Plan.

Comparison of Rates of Return

(%)	4 Years	1 Year
Cash & short-term	8.2	5.2
ScotiaMcLeod 91-day T-bill Index	*6.9*	*5.4*
Bonds	10.9	-2.5
ScotiaMcLeod Bond Universe Index	*10.9*	*-4.3*
Mortgages	8.7	-2.7
ScotiaMcLeod Bond Universe Index	*10.9*	*-4.3*
Canadian equities	8.0	1.7
TSE 300 Index	*9.9*	*-0.2*
Foreign equities	16.8	3.0
Morgan Stanley World Index	*12.8*	*9.6*
Real estate	-4.3	3.1
Frank Russell Canadian Property Index	*-2.6*	*1.7*
Total portfolio	10.6	0.0
SEI Balanced Fund Median	*11.2*	*-0.7*
Inflation Rate	2.0	0.2

Note: The four-year return includes a period of two years and nine months when the investments were held by the former Pension Fund.

S.J. Susinski
Chief Investment Officer

ADMINISTRATION HIGHLIGHTS

Administration Activities in 1994

- Administration costs, excluding investment management costs, for the year 1994 were $298,000 or $64 per plan member based on the average number of members in the Plan.
- To better service client needs and to accommodate the changes brought about by pension reform, a major focus for APA in 1994 was the reprogramming of computer systems.
- A Board Secretariat was established to provide research and support services to the Pension Board.
- APA centralized financial and human resource activities that were previously being performed by other divisions of Alberta Treasury.
- Retirement seminars and employer workshops were provided throughout the province. A total of 247 employees attended retirement seminars. Four employer workshops were provided to assist employers with their responsibilities under the Plan.
- Two Pension Update brochures were provided to employers on the topics of pension reform and combined pensionable service.
- Pension Information brochures were prepared and made available to members on topics such as understanding pension estimates, division of pension on marriage breakdown, and the purchase of prior service.
- A new handbook for members was produced and distributed in October. The handbook was written in easy to read language and is intended to assist members in understanding their Plan.
- Three issues of a newsletter called *Pension News* were produced and distributed during the year to update members on the status of the Plan.
- Annual statements containing information on pensionable service, contributions, and prior service were produced and forwarded to employers for distribution to active members.
- Audited financial statements were prepared for the three months September 30, 1993 to December 31, 1993. On September 30, 1993, the Management Employees Pension Plan Fund was established and received its share of assets from the former Pension Fund.

Challenges for 1995

- Continue system development related to pension reform.
- Re-engineer the way APA conducts its business. A key element will be consolidating all computer processing on the in-house computers, and establishing on-line data links with employers' offices. This re-engineering project is expected to take several years to complete.
- Research and implement efficiencies in services provided to the Board, employers and members.
- Establish APA as a provincial corporation with sole responsibility for providing services to the Board for administration of the Plan.

M. H. Mylod
M. H. Mylod
Director

ACTUARIAL COST CERTIFICATE

William M. Mercer Limited

The most recent valuation of the Management Employees Pension Plan was conducted as at December 31, 1994 for the purpose of providing the Management Employees Pension Board and the Alberta Government with necessary information for reporting pension obligations in the financial statements of the Government of Alberta and participating employers.

This actuarial valuation of the Plan was conducted using membership data and financial information supplied by Alberta Pensions Administration. Various tests were performed on the data to ensure validity and reasonableness of results as well as to perform a reconciliation of results since the previous valuation as at December 31, 1991. In our opinion, the data is sufficient and reliable for the purposes of the actuarial valuation.

The actuarial cost method utilized in the valuation was the Projected Unit Credit Actuarial Cost Method. The asset valuation method adopted was a market-related value of assets as at December 31, 1994 whereby the market value of assets was adjusted by an asset fluctuation reserve in order to smooth out market volatility at the valuation date. This market related value was calculated and provided by Alberta Pensions Administration. We have relied on this calculation. In our opinion, the methods employed are appropriate for the purpose of the valuation.

The assumptions are management's best estimate assumptions. In our opinion, these assumptions are, in aggregate, reasonable for the purpose of the valuation. Nonetheless, emerging experience may differ from the assumptions, and the resulting gains or losses will be revealed in future valuations.

Edmonton, Alberta
May, 1995

The results of the actuarial valuation disclosed total actuarial liabilities, net of the present value of prior service payments due, of $876.8 million in respect of benefits accrued for service prior to December 31, 1994. The split of liabilities for pre and post January 1, 1992 service, net of the present value of prior service payments due, revealed a pre-1992 actuarial liability of $752.6 million and a post-1991 actuarial liability of $124.2 million.

In our opinion:

- the data upon which this valuation is based is sufficient and reliable;
- the methods employed are appropriate for the purpose of the valuation; and
- this valuation conforms with the requirements of the Canadian Institute of Chartered Accountants regarding accounting for public sector pension plans.

This report has been prepared and the opinions contained herein are given in accordance with accepted actuarial practice.

James A. Giesinger, F.S.A., F.C.I.A.

Brenda Prysko

Brenda Prysko, F.S.A., F.C.I.A

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements and information in the Annual Report are the responsibility of Alberta Pensions Administration and have been approved by management. The financial statements have been prepared in conformity with generally accepted Canadian accounting principles and of necessity include some amounts that are based on estimates and judgements. Financial information presented in the Annual Report that relates to the operations and financial position of the Management Employees Pension Plan is consistent with that in the financial statements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, and a formal authorization structure. This system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Office of the Auditor General of Alberta, the Plan's external auditors, provide an independent audit of the financial statements. Their examination is conducted in accordance with generally accepted auditing standards and includes tests and other procedures which allow the auditors to report on the fairness of the financial statements prepared by management.

ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

AUDITOR'S REPORT

To the Provincial Treasurer

I have audited the statement of accrued pension benefits and net assets available for benefits of the Management Employees Pension Plan as at December 31, 1994 and the statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Peter Valentine
FCA
Auditor General

Edmonton, Alberta
June 26, 1995

FINANCIAL STATEMENTS

STATEMENT OF ACCRUED PENSION BENEFITS AND NET ASSETS AVAILABLE FOR BENEFITS

AS AT DECEMBER 31, 1994

($ thousands)

	1994	1993
Accrued Pension Benefits		
Actuarial value of accrued pension benefits (Note 10)	876,753	807,000
Net Assets Available for Benefits		
Assets		
Investments (Note 3)	727,771	705,900
Receivable from sale of investments and accrued investment income	6,723	6,526
Contributions receivable (Note 5)	3,092	679
Receivable from Province of Alberta (Note 6)	2,675	2,734
	740,261	715,839
Liabilities		
Accounts payable (Note 7)	3,496	1,767
Net assets available for benefits	736,765	714,072
Actuarial asset value adjustment (Note 10)	17,529	68,000
Actuarial value of net assets available for benefits	719,236	646,072
Excess of actuarial value of accrued pension benefits over net assets (Note 10)	157,517	160,928

See accompanying notes.

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 1994
($ thousands)

	1994	Three Months Ended December 31, 1993
INCREASE IN ASSETS		
Investment (loss) income (Note 8)	(3,501)	35,743
Interest on Province of Alberta receivable (Note 6)	224	55
Contributions		
Current and past service		
Employers	20,188	5,524
Employees	14,076	3,665
Unfunded liability		
Employers	2,362	502
Employees	701	184
Transfers from other plans	3,598	632
	40,925	10,507
Total increase in assets	37,648	46,305
DECREASE IN ASSETS		
Benefits	12,120	1,889
Refunds to members	1,814	319
Transfers to other plans	618	94
Administration expenses (Note 9)	403	119
Total decrease in assets	14,955	2,421
Change in net assets for the period before transfers	22,693	43,884
Transfers from the Province of Alberta		
Pension Fund	-	667,454
General Revenue Fund	-	2,734
	-	670,188
Change in net assets for the period	22,693	714,072
Net assets available for benefits at beginning of period	714,072	-
Net assets available for benefits at end of period	736,765	714,072

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1994

Note 1 Summary Description of the Plan

The following description of the Management Employees Pension Plan is a summary only. For a complete description of the Plan, reference should be made to the Public Sector Pension Plans Act, Chapter P-30.7, Statutes of Alberta 1993.

(a) General

The Management Employees Pension Plan is a contributory defined benefit pension plan for eligible management employees of the Province of Alberta, and certain approved provincial agencies and public bodies, including the Metis Settlements Transition Commission. Members of the old Public Service Management Pension Plan who were active contributors at August 1, 1992 continue as members of this new Plan.

(b) Funding

Current service costs are funded by employers and employees at rates which are expected to provide for all benefits payable under the Plan. The rates in effect at December 31, 1994, are 8.5 percent of pensionable salary for employers and 6.063 percent for employees. The rates are to be reviewed at least once every three years by the Provincial Treasurer based on recommendations of the Plan's actuary.

The unfunded liability for service prior to January 1, 1992, as determined by actuarial valuation, is being financed by additional contributions from employers and employees. The rates are set on the basis that the additional contributions will eliminate the unfunded liability on or before December 31, 2043. Transitional rates in effect, based on the pensionable salary, are 1.75 percent for employers and 0.437 percent for employees. These rates will be increased over the next two years to 0.75 percent for employees and such percentage for employers as will be required to eliminate the unfunded liability by the above date.

(c) Retirement Benefits

The Plan provides for a pension of two percent of the highest five-year average salary for each year of pensionable service. The maximum pensionable service allowable under the Plan is 35 years.

Members are entitled to an unreduced pension on service before 1992 if they have attained age 55 and have at least five years of service.

Members are entitled to an unreduced pension on service after 1991 if they retire with at least five years of service, and either have attained age 60 or have attained age 55 and the sum of their age and service equals 80. Pensions on service after 1991 are reduced if the member is less than age 60 and the 80 factor is not attained.

Note 1 Summary Description of the Plan (continued)

(d) Disability Benefits

Pensions are payable to members who become totally disabled and retire early with at least five years of service. Reduced pensions are payable to members who become partially disabled and retire early with at least five years of service.

(e) Death Benefits

Death benefits are payable on the death of a member. If the member has at least five years service, a surviving spouse may choose to receive a survivor pension. For a beneficiary other than a spouse, or where service is less than five years, a lump sum payment must be chosen.

(f) Termination Benefits

Members who terminate with less than five years of service receive a refund of their own contributions plus interest.

Members who terminate with greater than five years of service, and are not immediately entitled to a pension, may apply for a refund or a deferred pension. A refund is based on contributions and interest in relation to service prior to 1992, and commuted value for service after 1991. Refunds are subject to the plan lock-in provisions.

(g) Guarantee

Payment of all benefits arising from service before 1994 is guaranteed by the Province of Alberta.

(h) Prior Service and Transfers

All prior service purchases are to be made on a basis that is cost neutral to the Plan.

During 1994, transfers under the terms of reciprocal agreements were costed according to the Plan's requirements for employee and employer contributions plus interest. All reciprocal agreements must be renegotiated to provide that transferred-in service be on a cost neutral basis, and transfers out receive the greater of the termination benefit or commuted value for all service.

(i) Cost-of-Living Adjustments

Pensions payable are increased each year by an amount equal to at least 60 percent of the increase in the Alberta Consumer Price Index.

(j) Income Taxes

The Plan is a registered pension plan as defined in the Income Tax Act, and is not subject to income taxes. The Plan's registration number is 0570887.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) Basis of Presentation

These financial statements are prepared on the going concern basis in accordance with generally accepted accounting principles. The statements provide information about the net assets available in the Plan to meet future benefit payments, and are prepared to assist plan members and others in reviewing the activities of the Plan for the year. They do not reflect the funding requirements of the Plan or the benefit security of individual participants.

The majority of plan investments are held in pooled investment funds established and administered by the Provincial Treasurer. Pooled investment funds have a market based unit value that is used to allocate income to participants and to value purchases and sales of pool units.

Included in these financial statements are the accounts of the Plan and the Plan's proportionate share of the assets, liabilities and net income of the following pooled funds:

Canadian Dollar Public Debt Pool
Canadian Pooled Equities Fund
External Managers Fund
Money Market Pool
Private Debt Pool
Private Equity Pool
Private Mortgage Pool
Private Real Estate Pool
United States Pooled Equities Fund

(b) Valuation of Investments

Investments are stated at market value. The methods used to determine market value are explained in the following paragraphs.

Short-term securities, public fixed-interest bonds, foreign equities and Canadian equities are valued at the year end closing sale price, or the average of the latest bid and ask prices quoted by an independent securities valuation company.

Private fixed-interest bonds and mortgages are valued based on the net present value of future cash flows. These cash flows are discounted using Government of Canada bond rates adjusted for a risk premium estimated by management.

The market value of private equities is estimated by management.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised at least every three years by qualified external real estate appraisers.

Purchases and sales of investments are recorded on the dates traded.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

c) Income Recognition

Dividends are accrued on the ex-dividend date. Income from other investments is accrued as earned. Gains or losses on investments are recognized concurrently with changes in market value.

d) Foreign Exchange

Foreign currency transactions are translated into Canadian dollars using average rates of exchange, except for hedged foreign currency transactions which are translated at rates of exchange established by the terms of the forward exchange contracts. At the year end, the market value of investments and any other assets and liabilities denominated in a foreign currency are translated at the year end exchange rate. Exchange differences are included in the determination of investment income.

Note 3 Investments

Investments are summarized as follows:

	1994	1993
	($ thousands)	
Cash and short-term securities	83,095	78,349
Bonds	302,462	303,182
Mortgages	14,392	15,157
Canadian equities	169,816	146,932
Foreign equities	139,823	144,864
Real estate	18,183	17,416
	727,771	705,900

The above amounts include $22,776,000 (1993: $33,445,000) in marketable investments issued by the Province of Alberta.

Real estate is held through intermediate companies which have issued common shares and participating debentures secured by a charge on real estate. The rental income less expenses and other adjustments is distributed to the Plan through the Private Mortgage and Private Real Estate Pools.

Note 3 Investments (continued)

Intermediate companies which are owned 20 percent or more by the Private Real Estate Pool are as follows:

	% Ownership 1994	1993
ARCA Investments Inc.	100.0	100.0
ORION Properties Ltd.	100.0	100.0
RT 10th Pension Properties Ltd.	100.0	0.0
RT 7th Pension Properties Ltd.	71.4	71.4
RT Pension Properties Ltd.	67.7	67.7
RT 8th Pension Properties Ltd.	33.3	33.3
629851 Ontario Inc.	27.9	27.9

Note 4 Pooled Funds

The following amounts are included in the financial statements and represent the Plan's proportionate share of the assets, liabilities and net income of pooled funds:

	1994	1993
	($ thousands)	
Assets	524,960	686,037
Liabilities	3,276	1,269
	521,684	684,768

	1994	Three Months Ended December 31, 1993
	($ thousands)	
Net investment (loss) income	(11,051)	35,071

Note 5 Contributions Receivable

	1994	1993
	($ thousands)	
Employers	1,873	426
Employees	1,219	253
	3,092	679

Note 6 Receivable From Province of Alberta

The amount due from the Province of Alberta is the Plan's share of the accumulated excess of benefits over contributions paid to Members of the Legislative Assembly prior to October 1, 1993. The amount due attracts interest at 8.09 percent and is scheduled to be repaid in annual instalments ending September 30, 2013. The Province may repay the whole or any part of the debt at any time.

Note 7 Accounts Payable

	1994	1993
	($ thousands)	
Investment purchases	3,330	1,268
Benefits	6	26
Refunds and transfers	207	37
Province of Alberta - administration expenses	(47)	61
Public Service Management (Closed Membership) Pension Plan	-	375
	3,496	1,767

Note 8 Investment (Loss) Income

	1994			Three Months Ended December 31, 1993
	Income	Current Period Change in Market Value	Total	Total
		($ thousands)		
Cash and short-term securities	4,069	(1,373)	2,696	980
Bonds	23,794	(35,805)	(12,011)	15,790
Mortgages	1,496	(1,816)	(320)	555
Canadian equities	4,414	(2,936)	1,478	13,043
Foreign equities	8,691	(4,491)	4,200	7,086
Real estate	999	(543)	456	(1,711)
	43,463	(46,964)	(3,501)	35,743

Of the above amounts, $2,517,000 of income and $(3,334,000) of the change in market value is derived from marketable investments issued by the Province of Alberta.

Income is comprised of dividends, interest, rental income and other non-capital returns from assets. Current period change in market value represents the change in market value of investments during the year.

Note 9 Administration Expenses

	1994	Three Months Ended December 31, 1993
	($ thousands)	
Investment management costs	105	17
Actuarial fees	-	9
Other general administration costs	298	93
	403	119

The above investment management costs are those charged directly by Alberta Treasury, and do not include custodial and external management fees which have been deducted in arriving at investment income.

In 1994, investment management costs were 14.6 cents per thousand dollars of assets under management. Administration costs, excluding investment management costs, were $64.13 per member.

Note 10 Accrued Pension Benefits

An actuarial valuation of the Plan was carried out as at December 31, 1994 by William M. Mercer Limited. The valuation was determined using the projected benefit method. The assumptions used in the valuation were developed by reference to management's best estimate of expected long-term market conditions. The major assumptions used were:

	December 31 1994 Valuation	1991 Valuation
	%	%
Asset real rate of return	4	3.5
Inflation rate	4	5
Nominal rate of return	8	8.5
Pension cost-of-living increase as a percent of Alberta Consumer Price Index	60	60

Note 10 Accrued Pension Benefits (continued)

In accordance with the requirements of the Public Sector Pension Plans Act, a separate accounting is required of the pension liability with respect to service that was recognized as pensionable as at December 31, 1991. Therefore, the following statement showing the principal components of the change in the actuarial value of accrued pension benefits between the last two actuarial valuations is split between the pre-1992 and post-1991 periods:

	Pre-1992	Post-1991 ($ thousands)	Total
Actuarial value of accrued pension benefits, December 31, 1991	681,529	-	681,529
Net experience gains	(44,984)	(14,021)	(59,005)
Interest accrued on benefits	190,703	21,681	212,384
Changes in actuarial assumptions	(52,285)	(9,525)	(61,810)
Present value of prior service payments due	(1,879)	(2,570)	(4,449)
Deferral of tax allowance indexing	-	(1,407)	(1,407)
Benefits accrued	-	120,223	120,223
Net benefits paid	(20,513)	9,801	(10,712)
Actuarial value of accrued pension benefits, December 31, 1994	752,571	124,182	876,753

Investments held by the Plan are valued at market value at December 31, 1994 for financial statement purposes. However, in order to smooth out the effects of market volatility on investment values, the actuarial value of assets has been determined by averaging market values over the three-year period ended December 31, 1994. As with the accrued pension benefits, the assets have been split between the pre-1992 and post-1991 periods.

Based on the information provided above, the following table summarizes the accrued benefits, actuarial value of assets, and the resulting actuarial deficiency at December 31, 1994:

	Pre-1992	Post-1991 ($ thousands)	Total
Market value of assets	617,419	119,346	736,765
Actuarial asset value adjustment	16,800	729	17,529
Actuarial value of assets	600,619	118,617	719,236
Accrued benefits	752,571	124,182	876,753
Actuarial deficiency	151,952	5,565	157,517

Note 11 Comparative Figures

Certain comparative figures have been reclassified to be consistent with the 1994 presentation.

On September 30, 1993 certain sections of the Public Sector Pension Plans Act came into force which established the Management Employees Pension Plan fund and transferred the Plan's share of the Pension Fund as at September 30, 1993 into the Management Employees Pension Plan fund. Accordingly, the comparative figures for the statement of changes in net assets available for benefits are for the three-month period ended December 31, 1993.

Note 12 Budget Information

The accrued pension benefits are based on management's best estimates of future events. Differences between actual results and management's expectations are disclosed as experience gains in the statement of changes in accrued pension benefits. Accordingly, a budget is not included in these financial statements.

Note 13 Responsibility for Financial Statements

These financial statements were prepared and approved by management.